



MAYOR AND COUNCIL AGENDA

NO. 12

DEPT.: Finance
STAFF CONTACT: Gavin Cohen

DATE PREPARED: July 21, 2005
FOR MEETING OF: August 1, 2005

SUBJECT:

Adoption of resolution to declare the official intent of the Mayor and Council to be repaid for certain expenditures from certain sources under U.S. Treasury Income Tax Regulation section 1.141-4(c)(3)(v).

RECOMMENDATION:

Staff recommends that the Mayor and Council adopt the attached resolution.

DISCUSSION:

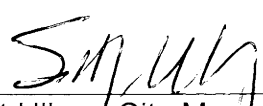
This item can be considered a housekeeping item to ensure that the City conforms to IRS regulations for the 2005 bond issuance, the ordinance having been recently adopted. By adopting the resolution, the City can be repaid for expenses already incurred, and which continue to incur, without jeopardizing the nature of the bonds to be issued.

PREPARED BY:


Gavin Cohen, Finance Director


Date

APPROVE:


Scott Ullery, City Manager


Date

LIST OF ATTACHMENTS:

1. Resolution declaring the official intent of the Mayor and Council to be repaid for certain expenditures from certain sources under U.S. Treasury Income Tax Regulation section 1.141-4(c)(3)(v).

Resolution No. _____

Resolution: To declare the official intent of the Mayor and Council to be repaid for certain expenditures from certain sources under U.S. Treasury Income Tax Regulation Section 1.141-4(c)(3)(v)

WHEREAS, the Mayor and Council of Rockville (the "City") has undertaken to fund various public improvements and public parking garages in connection with the redevelopment of the Rockville Town Center as more particularly described in the General Development Agreement for the Redevelopment of the Rockville Town Square, as amended, entered into by the City (collectively, the "Project");

WHEREAS, the Project is being financed in part with the proceeds of bonds (the "Bonds") issued and being issued by the City, in part with equity of the City, and in part by various sources of funding other than the City (the "External Funding Sources") generally as listed on the schedule of sources and uses attached as Attachment I hereto;

WHEREAS, the City has spent and will continue to make expenditures from its own funds for costs of the Project (the "Expenditures") with the expectation that a portion of such Expenditures will be reimbursed to it with receipts of the External Funding Sources;

WHEREAS, U.S. Treasury Income Tax Regulation Section 1.141-4(c)(3)(v) provides that an issuer may allocate "private payments" to equity before such payments are allocated to bonds by adopting an official intent within 60 days of making an expenditure indicating that the issuer reasonably expects to be repaid for the expenditure from a specific arrangement;

WHEREAS, the City is dependent upon the External Funding Sources as a source of funding for the completion of the Project in addition to the proceeds of Bonds; and

WHEREAS, , the City desires to declare its official intent that it intends to be repaid for such Expenditures for the Project from the External Funding Sources listed on Attachment I hereto in order to comply with the requirements of U.S. Treasury Income Tax Regulation Section 1.141-4(c)(3)(v) and thereby assure the validity of the allocation of those payments to equity of the City as a source of the funding needed for the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF ROCKVILLE, as follows:

1. The City reasonably expects that it will be repaid for a portion of the Expenditures that it has initially funded or will initially fund with its own monies from proceeds of the Bonds and from receipts of the External Funding Sources as shown on Attachment I hereto.

2. The City hereby allocates the External Funding Sources to the funding of costs of the Project as shown on Attachment I hereto.



3. This Resolution shall constitute the declaration by the City of its official intent for purposes of complying with the requirements of U.S. Treasury Income Tax Regulation Section 1.141-4(c)(3)(v) and thereby assure the eligibility of the payments from the External Funding Sources listed on Attachment I hereto for allocation to the equity of the City.

ATTACHMENT I SOURCES AND USES OF FUNDS FOR THE PROJECT							
	Town Center Project						
	Parking Garages	Public Improvement	Total Town Center	2005 CIP Projects	Total 2005 Bonds	2004 BAN Pay-Off	Total Applications
Sources of funds							
Sale of Development Rights	\$ -	\$ 2,818,262	\$ 2,818,262			\$ 12,350,000	\$ 15,168,262
Private Developer Contribution							
Impact taxes		\$ 300,000	\$ 300,000				\$ 300,000
Cultural & Other Amenities		\$ 500,000	\$ 500,000				\$ 500,000
Transportation Management Plan		\$ 600,000	\$ 600,000				\$ 600,000
Street & Utilities		\$ 2,500,000	\$ 2,500,000				\$ 2,500,000
Library Land Reimbursement		\$ 2,210,147	\$ 2,210,147				\$ 2,210,147
Library Pad Prep Reimbursement		\$ 170,000	\$ 170,000				\$ 170,000
Condominium land reimbursement		\$ 4,952,762	\$ 4,952,762				\$ 4,952,762
Parking District Land & Pad Prep Reimbursement		\$ 8,600,453	\$ 8,600,453				\$ 8,600,453
City Land Contribution		\$ 6,400,000	\$ 6,400,000				\$ 6,400,000
County Contribution		\$ 12,000,000	\$ 12,000,000				\$ 12,000,000
State Funding		\$ 3,000,000	\$ 3,000,000				\$ 3,000,000
Federal Grants		\$ 1,200,000	\$ 1,200,000				\$ 1,200,000
FRIT contribution - Block 4 retail addition		\$ 100,000	\$ 100,000				\$ 100,000
FRIT contribution - Block 4 acquisition		\$ 500,000	\$ 500,000				\$ 500,000
RAP contribution - Cultural Arts Building		\$ 1,500,000	\$ 1,500,000				\$ 1,500,000
Developer contribution - Cultural Arts Building		\$ 1,545,968	\$ 1,545,968				\$ 1,545,968
City contribution - storm water management	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
City contribution - Beall Street	\$ -	\$ 275,000	\$ 275,000	\$ -	\$ -	\$ -	\$ 275,000
Subtotal	\$ -	\$ 49,672,592	\$ 49,672,592			\$ 12,350,000	\$ 62,022,592
Private Developer Contribution							
Parking District related	\$ 4,259,000		\$ 4,259,000				\$ 4,259,000
Condominium Parking Purchase	\$ 16,243,200		\$ 16,243,200				\$ 16,243,200
State Funding	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Subtotal	\$ 21,502,200	\$ -	\$ 21,502,200	\$ -	\$ -	\$ -	\$ 21,502,200
2003 CIP Bonds		\$ 2,771,500	\$ 2,771,500				\$ 2,771,500
2004 CIP Bonds	\$ 5,000,000	\$ 6,525,000	\$ 11,525,000				\$ 11,525,000
2004 Tax-Exempt BANS		\$ 6,175,000	\$ 6,175,000			\$ (6,175,000)	\$ -
2004 Taxable BANS		\$ 6,175,000	\$ 6,175,000			\$ (6,175,000)	\$ -
2005 Tax-Exempt Bonds (taxable included)							
Town Center - Cultural Arts Bldg		\$ 1,730,000	\$ 1,730,000		\$ 1,730,000		\$ 1,730,000
Parking District related	\$ 29,657,000		\$ 29,657,000		\$ 29,657,000		\$ 29,657,000
2005 City Capital Budget Projects				\$ 24,445,000	\$ 24,445,000		\$ 24,445,000
City PAYGO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 34,657,000	\$ 23,376,500	\$ 58,033,500	\$ 24,445,000	\$ 55,832,000	\$ (12,350,000)	\$ 70,128,500
Total Sources	\$ 56,159,200	\$ 73,049,092	\$ 129,208,292	\$ 24,445,000	\$ 55,832,000	\$ -	\$ 153,653,292
Uses of funds							
Town Center Project	\$ 56,159,200	\$ 73,049,092	\$ 129,208,292		\$ 31,387,000	\$ -	\$ 129,208,292
2005 CIP Projects			\$ -	\$ 24,445,000	\$ 24,445,000	\$ -	\$ 24,445,000
Bond Issuance Costs			\$ -	\$ -	\$ -	\$ -	\$ -
Other			\$ -	\$ -	\$ -	\$ -	\$ -
Total Uses	\$ 56,159,200	\$ 73,049,092	\$ 129,208,292	\$ 24,445,000	\$ 55,832,000	\$ -	\$ 153,653,292

Resolution No. _____

I hereby certify that the foregoing is a true and correct copy
of a resolution adopted by the Mayor and Council at its
meeting of _____, 2004.

Claire F. Funkhouser, City Clerk

